GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1689
ANSWERED ON:12.12.2003
OBSERVATION MADE BY C AG
RAMJI MANJHI

Will the Minister of FINANCE be pleased to state:

(a) whether the C&AG in its report No. 11 of 2003 (Indirect Taxes Central Excise and Service Taxes) on page 59 have reported the short levy of duty of crores of rupees between April, 1996 and July, 2002;

(b) if so, whether the Government has enquired into the matter and taken any action together with details thereof;

(c) if so, whether the Government has fixed responsibility and accountability of the Commissioners/Chief Commissioners for lack of proper supervision and control; and

(d) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIPAD Y. NAIK)

(a) and (b): Sir, the Comptroller and Auditor General of India (C&AG) in its Report No. 11 of 2003 has observed that there were instances of incorrect valuation of goods sold at buyers` destination where insurance and freight charges were not included, and reported short levy of duty of Rs.48.38 crores between September 1996 and October, 2001, vide Audit Para No.9.1.Though, the Ministry reported issuance of show cause notices, the Hon`ble Supreme Court in the case of M/s Escorts J.C.B Ltd. Vs CCE-Delhi reported in 2002(146)ELT 31 (SC) and in the case of Prabhat Zarda Factory Ltd. Vs CCE reported in 2002(146)ELT 497 (SC) allowed the appeals preferred by the assesses with consequential relief to the assesses.

Hence, in view of the above legal position the C&AG has also settled the said audit objection.

(c) and (d): Does not arise in view of the above.